



Iowa Department of Human Services

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Director

INFORMATIONAL LETTER NO.1424

DATE: September 16, 2014

TO: Iowa Medicaid Home Health Services Providers

FROM: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Low Utilization Payment Adjustment (LUPA) Methodology and Actual Charges

EFFECTIVE: July 1, 2013

The following clarifies how a home health agency determines rates for services under the Home Health Services (HHS) program with the LUPA methodology.

The LUPA methodology became the basis of reimbursement for home health agency providers of the HHS program on July 1, 2013. The LUPA methodology is a fee schedule methodology. 441 Iowa Administrative Code (IAC) Chapter 78.1(1)c. applies to Medicaid providers who are reimbursed according to a fee schedule. This rule states that providers on fee schedules are reimbursed the lower of:

- (1) The actual charge made by the provider of service
- (2) The maximum allowance under the Medicaid LUPA fee schedule

The LUPA reimbursement methodology requires that each HHS provider determine the billed charges to Medicaid for services under the HHS program. The billed charges must be actual charges that are provider-specific charges based on business records. An added requirement is that actual charges for services provided are the most frequent or typical charges that an agency would charge for the majority of patients/members regardless of funding source (Centers for Medicare and Medicaid Services (CMS) Medicare Provider Reimbursement Manual, Section 2604.3). This is also referred to as “usual, customary, and reasonable charge.”

Please reference the [Iowa HHA LUPA Wage Indexes and Rates](#)¹ on the DHS website.

If you have any questions, please contact the IME Provider Services Unit at (800) 338-7909, locally in the Des Moines area at (515) 256-4609, or by email at imeproviderservices@dhs.state.ia.us.

¹ <https://dhs.iowa.gov/sites/default/files/LUPA%20Rate%20Sheet%20-%207-1-13.pdf>